

Town of Hopkinton Select Board 2023 Proposed Budget

Presentation to the Budget Committee

Wednesday, December 7, 2022

Select Board Goals

- Maintain current level of service.
- Minimize the effects of the current inflation.
- Retain a well-qualified staff.
- Deal with long over-due road maintenance issues.

The Realities of 2023

- Heating fuel up 46.88%
- Gas/Diesel up 86.61%
- Trash Transport/Disposal up 27.66%
- Demolition Hauling up 145.45%
- Houston Barn Bond \$34,720 payment
- Employee Merit Pool up \$167,648
- Health Insurance up \$37,739 (4.6%)
- Transfer Station Lagoon Closure
- Sewer infrastructure needs
- Road maintenance needs

Select Board Proposal

- All-in, a 2023 tax rate increase of \$0.46/1000 – 6.46%
- A \$1.0 million 20-year bond for the lagoon closing at the Transfer Station (Webster pays 25% of bond payments)
- A \$2.0 million 10-year bond for road rebuilding of a large portion of Briar Hill Road

Process to arrive at this proposal



Budget Process to Date

- Department Heads prepared their budget requests
- Department Heads met with the Town Administrator to review budget requests.
- Select Board met with each Department Head to review requests.
- Select Board reviewed the capital expenditure plan
- Select Board began its work of preparing its budget

Select Board Changes to DH Requests

Operating Budget

- Total change + \$101,250
- Dealing with road maintenance — 2 pronged approach
 - Paving/Shimming from \$420,000 to \$530,000
 - \$2.0 million bond



Select Board Changes to DH Requests

Operating Budget

- 4 reductions were made to Department Head Requests
 - Fire- PT Call Wages \$ (5,000)
 - Rec – Postage \$ (250)
 - Rec – Special Events \$ (3,000)
 - EconDev-Community Relations \$ (500)



Details of Select Board Proposal



Revenue

- **Estimated Revenue of \$3,767,463**
 - Increase of \$69,880 – 1.89%
- Sewer Fund \$55,626
 - Paid by users and CVP
- Major Drivers
 - Room & Rental \$(136,569)
 - Motor Vehicle Registration \$ 40,000
 - Ambulance Charges \$ 15,000
 - Webster Transfer Station Reimbursement \$ 40,000
 - Transfer Station Commercial \$ (25,000)
 - Recycling Receipts \$ 15,000
 - Checking Account Interest \$ 13,000
 - TIF Revenue (accounting change) \$ 23,683



Operating Budget

- **Total Operating Budget of \$9,027,987**
 - Increase of \$744,472 – 8.99%
 - Excluding Sewer \$701,695 – 8.68%



Operating Budget

- Major Drivers (>\$20,000)

• Merit Wage/Benefit Pool	\$167,648
• Paving/Shimming	\$140,975
• Fuel – Gas/Diesel/Heating Oil	\$106,620
• Transfer Station Hauling/Tipping	\$ 94,000
• Debt Service	\$ 51,500
• Health Insurance	\$ 38,000
• DPW Full-time Wages	\$ 33,000
• Legal	\$ (45,570)



Capital Reserve/Maint. Trust Funds

- Total CRF/Maint. Funds of \$851,500
 - Increase of \$119,500 – 16.33%
- Major Driver
 - Town Facilities Maintenance Trust \$ 90,000
 - Not funded in 2022



Use of Fund Balance

- Total use of Fund Balance of \$ 400,000
 - Increase of \$355,000
- Fund Balance offsets the amount needed to be raised by taxes.



**2023 TAX RATE ESTIMATION
SELECT BOARD NUMBERS**

	<u>2022 Approved</u>	<u>2023 Proposed</u>	<u>\$ Change</u>	<u>% Change</u>
<u>REVENUE</u>				
<u>OPERATING REVENUE</u>				
Operating Revenue	3,480,089	3,494,343	14,254	0.41%
Sewer Fund Revenue	217,494	273,120	55,626	25.58%
Total	3,697,583	3,767,463	69,880	1.89%
<u>PASSTHROUGH REVENUE</u>				
Revenue from Bonds	272,000	3,000,000	2,728,000	-100.00%
From Special Revenue Funds	60,000	-	(60,000)	-100.00%
Total	332,000	3,000,000	2,668,000	803.61%
GRAND TOTAL	4,029,583	6,767,463	2,737,880	67.94%
<u>EXPENSES</u>				
<u>OPERATING BUDGET</u>				
Expenses	8,086,168	8,787,863	701,695	8.68%
Sewer Expenses	197,347	240,124	42,777	21.68%
Total	8,283,515	9,027,987	744,472	8.99%
<u>WARRANT ARTICLE (INDIVIDUAL)</u>				
To CRF	705,000	756,000	51,000	7.23%
To Trust Funds	27,000	95,500	68,500	253.70%
Total	732,000	851,500	119,500	16.33%
<u>WARRANT ARTICLES (INDIVIDUAL)</u>				
Barn Bond	272,000	-	(272,000)	100.00%
Transfer Station Lagoon Cleanu	-	1,000,000	1,000,000	100.00%
Road Bond	-	2,000,000	-	-
Pay-by-Bag Special Revenue	60,000	-	(60,000)	-100.00%
Senior Center Rental Spec. Rev	-	-	-	-
Total	332,000	3,000,000	2,668,000	803.61%
<u>OTHER RATE IMPACTS</u>				
Fund Balance use	(45,000)	(400,000)	(355,000)	0.00%
Overlay	130,347	80,000	(50,347)	-38.63%
War Service Credits	190,200	190,200	-	0.00%
Total	275,547	(129,800)	(405,347)	-147.11%
<u>GRAND TOTALS</u>				
GRAND TOTALS	5,593,479	5,982,224	388,745	6.95%
TAX IMPACT	7.07	7.53	0.46	6.46%

Valuation

2021	790,826,099
2022	794,780,229



Tax Rate Impact

- Amount to be raised by taxes

<u>2022</u>	<u>2023</u>	<u>\$ Change</u>	<u>% Change</u>
\$5,593,479	\$5,982,224	\$388,745	6.95%

- Tax Rate using estimated 2023 valuation

<u>2022</u>	<u>2023</u>	<u>\$ Change</u>	<u>% Change</u>
\$7.07	\$7.53	\$ 0.46	6.46%

Details of Proposed Bonds

(no 2023 tax impact)



Transfer Station Lagoon Closing Bond

- Lagoons were closed early in 2022
 - Tested and found to have PFAS
- Engineer estimate is \$1.0 million to appropriately deal with the contaminated soil.
- Near closed landfill so monitoring is already taking place.



Transfer Station Lagoon Closing Bond

Bond Cost (\$1.0 million)

- 20-year at interest rate of 5.0% -
- Hopkinton Total interest costs: \$393,750
- Year 1 payment (Hopkinton)

$\$75,000 = .0944 \text{ on tax rate} - \$300,000 \text{ property} = \33.03

- Year 20 payment (Hopkinton)

$\$39,375 = .0495 \text{ on tax rate} - \$300,000 \text{ property} = \17.34



2023 Road Bond

- Road maintenance has been seriously underfunded for many years
- Briar Hill needs to be rebuilt and there are other roads that also need to be rebuilt
- Total Cost to completely rebuild Briar Hill Road is \$4.5 million
- This \$2.0 million bond begins the rebuild process.



2023 Road Bond

Bond Cost (\$2.0 million)

- 10-year at interest rate of 5.0% -
- Total interest costs: \$550,000
- Year 1 payment

$\$300,000 = .3786 \text{ on tax rate} - \$300,000 \text{ property} = \132.52

- Year 10 payment

$\$210,000 = .2650 \text{ on tax rate} - \$300,000 \text{ property} = \$ 92.77$



Questions?

